

ARTICLE APPEARED

PAGE 3 part 1

LOS ANGELES TIMES

8 October 1985

## Man Libeled by Izvestia, Judge Rules

By GEORGE RAMOS,  
Times Staff Writer

A Palo Alto businessman was libeled last year by Izvestia, the official Soviet government newspaper, when it accused him of being a front for U.S. intelligence agencies, a Los Angeles federal judge said Monday in a tentative ruling.

It was unclear, however, what, if any, money Raphael Gregorian might eventually collect from the Soviets under the default judgment issued by U.S. District Judge David V. Kenyon.

The Soviets never responded to the \$320-million suit by Gregorian, who had operated a multimillion-dollar medical supply business in Moscow for 14 years before he was ousted in November, 1984.

Kenyon's ruling will become final after Gregorian submits an itemized accounting of damages. His

lawyer, Gerald Kroll, said that unless the Soviets make a settlement offer he will begin attempting to seize Soviet assets in the United States to satisfy the claim.

Kroll said about \$70 million in Soviet assets were frozen in the United States after the Soviet Union annexed Estonia, Latvia and Lithuania in 1940.

"We will systematically, week by week, hit a new target in the United States where we believe the Soviets have property," the attorney said.

"The Foreign Sovereign Immunities Act (of 1976) empowers us to attach Soviet assets in the United States to satisfy a judgment," he said. "It allows you to sue for things that are commercial in nature, but not political in nature."

"The important thing is, the judge found that Izvestia libeled him," Kroll said. "That's a victory. I don't know of any other libel judgment against the Soviet Union."

Gregorian, who was born in the Soviet Union, sued Izvestia and the Soviet Ministry of Trade when his company, California International Trade Corp., lost its accreditation to do business in the Soviet Union last year.

An article in Izvestia charged that Gregorian sold shoddy and inadequate medical equipment to the Soviets. It also accused him of playing a double game, posing as a business executive while trying to make contacts with Soviet officials who could be targets of U.S. intelligence organizations.

At international trade fairs in Moscow, the article said, Gregorian invited officials to private rooms where he "devoted his time not to trade negotiations, but rather to establishing unofficial contacts and ferreting out data and information."

"Of course I'm not a spy," Gregorian said after Monday's ruling. "There's no evidence of it. A stigma has been attached to my company and it has virtually gone out of business."

Gregorian said his firm, once valued at \$10 million, has been unable to continue its normal import-export business in Europe—

particularly with Eastern European nations—as a result of the Izvestia accusations. He said he may have to close the business by the end of the year.

The businessman said he does not know why the Soviets abruptly lifted his firm's accreditation. But Kroll speculated that the Soviet action could have been in retaliation for the U.S. government's prosecution of Nikolai and Svetlana Ogorodnikov for their part in the espionage case against former FBI agent Richard W. Miller, whose trial is now under way in Los Angeles federal court. The Ogorodnikovs earlier pleaded guilty in the case and are serving prison sentences.

In his ruling, Kenyon held that Izvestia "published a libel damaging" Gregorian and that the Soviets owe Gregorian about \$300,000 for medical equipment that had already been delivered.

But at the same time, the judge ruled that Soviet authorities were within their rights to cancel Gregorian's trade agreement and that the Russians had not intentionally inflicted emotional distress on the Palo Alto businessman.

Kenyon asked for additional information on how widely the Izvestia article was circulated before issuing a final ruling, expected in about 10 days.